



JOAQUIN ISD 2019-2020 School FIRST Rating FINANCIAL MANAGEMENT REPORT



School FIRST (Financial Integrity Rating System of Texas), is a financial accountability system for Texas school districts specified in 19 Texas Administrative Code Section 109.1001 which was originally created by the 77th Texas Legislature in 2001. The system ensures Texas public schools are held accountable for the quality of their financial management practices and that they improve those practices. It is designed to encourage public schools to manage their financial resources to provide maximum allocations for direct instructional purposes. The rating assigned is considered by the Texas Education Agency when assigning a school district's accreditation status.

The system is based on indicators and a point system. For the 2015-16 report and beyond, the system changed to *a letter grade of “A= Superior Achievement”, “B = Above Standard Achievement”, “C = Standard Achievement”, and “F = Substandard Achievement” with 15 total Indicators.*

The FIRST system uses financial data submitted in the “Annual Audited Financial Report (AFR)” and staff and student data submitted through the “Public Education Information System (PEIMS)”. This **2019-20 FIRST** rating is derived from actual financial and student/staff data from the 2018-19 fiscal year (data from two school years prior).

The **2019-20 FIRST** rating is a maximum possible score of 100 points from 15 total indicators with a “Yes” or “No” assigned to indicators one through five. If a district scores a “No” on any of the indicators #1, #2.A. or #3-5 it automatically receives an “F”. Ten or less points are assigned to indicators #6– #8 and #10 and #11. For indicators #9 and #12 - #15, 10 points are assigned as all “10” or none “-0-”. So in one school year a district may lose 10 points by not meeting the criteria in just one of those indicators

JOAQUIN ISD scored a 94 for 2019-20 FIRST with an “A= Superior” rating. We scored 90 points on the prior year’s rating and 88 with a “B” two rating years ago. For next year’s 2020-21 FIRST report the 2019-20 financial data is currently being audited and student/staff data has already been finalized. The 2020-21 FIRST rating system is changing due to amendments from HB3 and will be 20 total indicators for 100 possible points with less <70 being an “F”. A score above “90” is estimated for next year with an “A” Superior again but cannot be finalized until after the audit.

Only twice since School FIRST began seventeen years ago has the district not received the highest possible rating--- the 2013-14 School FIRST where we received “Above-Standard Achievement” and this 2017-18 year with a “B-Above Standard”.

The actual **2019-20 FIRST** report issued by TEA follows. Explanations and comments about Joaquin ISD’s data are added to the TEA data for clarification. Prior year’s 2018-19 report based on 2017-18 data is also included for comparison purposes.

Pages eight and nine of this report include some required items of disclosure related to Superintendents and Board members.

Financial Integrity Rating System of Texas

**2019-2020 RATINGS BASED ON SCHOOL YEAR 2018-2019 DATA –
DISTRICT STATUS DETAIL**

Name: JOAQUIN ISD(210902)		Publication Level 1: 8/6/2020 9:26:37 AM			
Status: Passed		Publication Level 2: 8/6/2020 11:17:34 AM			
Rating: A = Superior		Last Updated: 8/6/2020 11:17:34 AM			
District Score: 94		Passing Score: 60			
#	Indicator Description	19-20 Score	2018-19 Data	18-19 Score	2017-18 Data
1	<u>Was the complete annual financial report (AFR) and data submitted to the TEA within 30 days of the November 27 or January 28 deadline depending on the school district’s fiscal year end date of June 30 or August 31, respectively?</u>	Yes	Submitted 12/03/2019	Yes	Submitted 11/26/2018
2	Review the AFR for an unmodified opinion and material weakness. The school district must pass 2.A. to pass this indicator. The school district fails indicator number 2 if it responds “No” to indicator 2.A. or to both indicators 2.A. and 2.B.				
2.A	<u>Was there an unmodified opinion in the AFR on the financial statements as a whole? (The American Institute of Certified Public Accountants (AICPA) defines unmodified opinion. The external independent auditor determines if there was an unmodified opinion.)</u>	Yes	“Clean Audit” Unmodified Opinion	Yes	“Clean Audit” Unmodified Opinion
2.B.	<u>Did the external independent auditor report that the AFR was free of any instance(s) of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds? (The AICPA defines material weakness.)</u>	Yes	No Material Weakness in Internal Controls	Yes	No Material Weakness in Internal Controls

3	<p><u>Was the school district in compliance with the payment terms of all debt agreements at fiscal year end? (If the school district was in default in a prior fiscal year, an exemption applies in following years if the school district is current on its forbearance or payment plan with the lender and the payments are made on schedule for the fiscal year being rated. Also exempted are technical defaults that are not related to monetary defaults. A technical default is a failure to uphold the terms of a debt covenant, contract, or master promissory note even though payments to the lender, trust, or sinking fund are current. A debt agreement is a legal agreement between a debtor (person, company, etc. that owes money) and their creditors, which includes a plan for paying back the debt.)</u></p>	Yes	No Default Paid All Bond Payments when due	Yes	No Default Paid All Bond Payments when due												
4	<p><u>Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?</u></p>	Yes	All payments made timely	Yes	All payments made timely												
5	<p><u>Was the total unrestricted net asset balance (Net of the accretion of interest for capital appreciation bonds) in the governmental activities column in the Statement of Net Assets greater than zero? (If the school district's change of students in membership over 5 years was 10 percent or more, then the school district passes this indicator.)</u></p> <p><i>This will be scored by TEA in next year's FIRST Rating but cannot be calculated until after the 19-20 Audit Report is issued.</i></p>	N/A	This Indicator Is not being Scored by TEA.	N/A	This Indicator Is not being Scored by TEA.												
6	<p><u>Was the number of days of cash on hand and current investments in the general fund for the school district sufficient to cover operating expenditures (excluding facilities acquisition and construction)? (See ranges below.)</u></p> <table border="1" data-bbox="231 990 1333 1153"> <tr> <td>10</td> <td>8</td> <td>6</td> <td>4</td> <td>2</td> <td>0</td> </tr> <tr> <td>>=90</td> <td><90 >=75</td> <td><74 >=60</td> <td><60 >=45</td> <td><45 >=30</td> <td><30</td> </tr> </table> <p><i>#6 is changing for next year</i></p>	10	8	6	4	2	0	>=90	<90 >=75	<74 >=60	<60 >=45	<45 >=30	<30	10	\$2,797,917 Cash and Investments / \$7,144,721 Total Expenditures X 365days= 142.9363 days	10	\$2,023,428 Cash and Investments / \$7,375,963 Total Expenditures X 365days= 112.8586 days
10	8	6	4	2	0												
>=90	<90 >=75	<74 >=60	<60 >=45	<45 >=30	<30												

7 Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt? (See ranges below.)

10	8	6	4	2	0
≥ 3.00	< 3.00 ≥ 2.50	< 2.50 ≥ 2.00	< 2.00 ≥ 1.50	< 1.50 ≥ 1.00	< 1.00

#7 is changing next year

10 \$3,469,918
Current Assets/
\$1,078,148
Current Liabilities
= 3.2184

10 \$2,862,051
Current Assets/
\$830,681
Current Liabilities
= 3.4454

8 Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency? (If the school district's change of students in membership over 5 years was 10 percent or more, then the school district passes this indicator.) (See ranges below.) (per TEA this Change" in students is only an Increase to pass)

10	8	6	4	2	0
≤ 0.60	> 0.60 ≤ 0.70	> 0.70 ≤ 0.80	> 0.80 ≤ 0.90	> 0.90 ≤ 1.00	> 1.00

8 is changing next year

6 \$11,360,293
Long Term liabilities/
\$15,282,990
Total Assets
= 0.7433
5yr change
in Students
= 6.83%
decrease

6 \$11,990,524
Long Term liabilities/
\$15,364,500
Total Assets
= 0.7804
5yr change in
Students
= 4.79%
decrease

9 Did the school district's general fund revenues equal or exceed expenditures (excluding facilities acquisition and construction)? If not, was the school district's number of days of cash on hand greater than or equal to 60 days?

#9 is changing next year but 19-20 number of days cash on hand is 148.41 and > 60 days

10 \$7,619,065
Gen Fund Rev
\$7,144,721
Gen Fund Exp = Yes
Number of Days Cash on Hand =
142.9363

10 \$7,442,562
Gen Fund Rev
\$7,375,963
Gen Fund Exp = Yes
Number of Days Cash on Hand =
112.8586

10

Was the debt service coverage ratio sufficient to meet the required debt service? (See ranges below.)

10	8	6	4	2	0
≥ 1.20	< 1.20 ≥ 1.15	< 1.15 ≥ 1.10	< 1.10 ≥ 1.05	< 1.05 ≥ 1.00	< 1.00

#10 is changing next year

10

\$ 527,770
Excess
Revenues
over
Expenditures
in General &
Debt Funds.
\$964,288
Debt
payments.
\$133,846
Debt Service
Fund
Balance.
Coverage
Ratio
= 1.6971

6

\$ (258,781)
Deficiency
Revenues
over
Expenditures
in General &
Debt Funds.
\$965,563
Debt
payments.
\$101,746
Debt Service
Fund
Balance.
Coverage
Ratio
= 1.1479

11

Was the school district's administrative cost ratio equal to or less than the threshold ratio? (See ranges below.)

ADA Size	10	8	6	4	2	0
500 to 999	\leq 0.1311	$>$ 0.1311 \leq 0.1561	$>$ 0.1561 \leq 0.1811	$>$ 0.1811 \leq 0.2061	> 0.2061 \leq 0.2311	> 0.2311

**Will be #13 next year and should be approximately the same %
an and estimated 8 points**

8

Ratio =
1499
Threshold
 $\leq .1311$ for
8 points
 $\leq .1561$
For 8 pts

8

Ratio =
1414
Threshold
 $\leq .1311$ for
8 points
 $\leq .1561$
For 8 pts

12	<p><u>Did the school district not have a 15 percent decline in the students to staff ratio over 3 years (total enrollment to total staff)? (If the student enrollment did not decrease, the school district will automatically pass this indicator.)</u></p> <p><i>Will be #14 next year with same 3 year comparison. Oor ratio dropped to 6.1338 in 19-20 compared to 6.497 in 17-18. Will still be 10 points.</i></p>	10	<p>2018-19 Total Enrollment = 671 Staff FTE = 109.0719 Ratio = 6.1519</p> <p>2016-17 Total Enrollment = 691 Staff FTE = 109.0162 Ratio = 6.4252 3 year decrease in ratio of (2.94%)</p>	10	<p>2017-18 Total Enrollment = 718 Staff FTE = 110.6517 Ratio = 6.4888</p> <p>2015-16 Total Enrollment = 701 Staff FTE = 109.1023 Ratio = 6.4252 3 year increase in ratio of .99%</p>
13	<p><u>Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district's AFR result in a total variance of less than 3 percent of all expenditures by function?</u></p>	10	.00002795% <3%	10	.0000048% <3%
14	<p><u>Did the external independent auditor indicate the AFR was free of any instance(s) of material noncompliance for grants, contracts, and laws related to local, state, or federal funds? (The AICPA defines material noncompliance.)</u></p>	10	No material instances of non-compliance	10	No material instances of non-compliance

15	<u>Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?</u>	10	No adjusted repayment schedule	10	No adjusted repayment schedule
	94 Weighted Sum 1 Multiplier Sum	94	94 Score 100	90	90 Score 100

DETERMINATION OF RATING FOR 2019-20

A.	Did the district answer 'No' to Indicators 1, 3, 4, 5, or 2.A? If so, the school district's rating is F for Substandard Achievement regardless of points earned.	
B.	Determine the rating by the applicable number of points. (Indicators 6-15)	
	A = Superior	90-100
	B = Above Standard	80-89
	C = Meets Standard	60-79
	F = Substandard Achievement	<60

JOAQUIN ISD 2019-2020 FIRST REPORT
REQUIRED DISCLOSURES

Title 19 Texas Administrative Code Chapter 109, Budgeting, Accounting, and Auditing Subchapter AA, Commissioner's Rules Concerning Financial Accountability Rating System, Section 109.1001(o). Effective 8/1/2018.

1. Superintendent's Current Employment Contract

A copy of the superintendent's employment contract that is effective on the date of the Schools FIRST hearing is to be provided. In lieu of publication in the Schools FIRST financial management report, the school district may choose to publish the superintendent's employment contract on the school district's Internet site. If published on the Internet, the contract is to remain accessible for twelve months.

The Joaquin ISD Superintendent's contract can be accessed from the school district website at www.joaquinisd.net by clicking on "Public Accountability" then "Superintendent's Contract"

2. Reimbursements Received by the Superintendent and Board Members for the Twelve-Month period ended August 31, 2019

Description of Reimbursements	Phil Worsham	Ryan Fuller	Thomas Harvey	Ronnie Belrose	Chrisco Bragg	Jeff Cater	Brandon Neal	Tam Hearnberger
Meals	\$ 0.00							
Lodging	\$ 1,294.04							
Transportation	\$ 0.00							
Motor Fuel	\$ 0.00							
Other- Registrations, Dues, Liab Ins	\$ 605.00	203.00						
Total	\$ 1847.46	\$203.00	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Note - All "reimbursements" expenses, regardless of the manner of payment, including direct pay, credit card, cash, and purchase order. Items to be reported per category include:

Meals – Meals consumed out of town, and in-district meals at area restaurants (outside of board meetings, excludes catered board meeting meals).

Lodging - Hotel charges.

Transportation - Airfare, car rental (can include fuel on rental), taxis, mileage reimbursements, leased cars, parking and tolls).

Motor fuel – Gasoline.

Other - Registration fees, telephone/cell phone, internet service, fax machine, and other reimbursements (or on-behalf of) to the superintendent and board member not defined above.

3. Outside Compensation and/or Fees Received by the Superintendent for Professional Consulting and/or Other Personal Services for the Twelve-Month period ended August 31, 2019

No outside compensation and/or fees for professional consulting and/or personal services were received by the Superintendent.

Note – Compensation does not include business revenues from a family business (farming, ranching, etc.) that has no relations to school district business.

4. Gifts Received by the Executive Officers and Board Members (and First Degree Relatives, if any) (gifts that have an economic value of \$250 or more in the aggregate in the fiscal year) for the Twelve-Month period ended August 31, 2019

No gifts were received by the Executive Officers and Board Members.

Note – An executive officer is defined as the superintendent, unless the board of trustees or the district administration names additional staff under this classification for local officials.

5. Business Transactions Between School District and Board Members for the Twelve-Month period ended August 31, 2019

		Chrisco Bragg (Plumbing Contractor)	<i>No other board members had business transactions with the school district.</i>
Total Amounts		\$ -0-	